

COMPUAGE INFOCOM LIMITED

(SINGAPORE BRANCH)

Branch Reg. No: T15FC0104C

**Audited Financial Statements for the Financial Year
Ended 31 March 2022**

AAA ASSURANCE PAC
Public Accountants and Chartered Accountants
180B Bencoolen Street,
The Bencoolen #12-05
Singapore 189648
Tel: 6392 0021
Fax: 63920923
Email: audit@aaapac.com

COMPUAGE INFOCOM LIMITED (Singapore Branch)
Financial Statements for the Financial Year Ended 31 March 2022

DIRECTORS

Ganesh Shiva Ganesh
Vijay Kumar Agarwal
Atul Harkishandas Mehta
Bhaves Harkishandas Mehta
Het al Kudecha (Appointed on 8 February 2022)
Virenda Gunvantrai Bhatt (Appointed on 26 February 2021)

AGENT

Shanthi Balakrishnan

REGISTERED OFFICE

50 Genting Lane #04-02
Cideco Industrial Complex,
Singapore 349558

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COMPUAGE INFOCOM LIMITED (Singapore Branch)

Statement by Agents

For the Financial Year Ended 31 March 2022

In my opinion,

- (i) the accompanying statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in head office account and statement of cash flows together with the notes thereon of the Singapore Branch of Compuage Infocom Limited (the "Branch") are properly drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore, so as to give a true and fair view of the assets used in and liabilities arising out of the Branch's operations in Singapore as at 31 March 2022, and the financial performance, changes in head office account and cash flows of the Branch's operations in Singapore for the year then ended, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Singapore Branch will be able to pay its debts as and when they fall due.

Signed by,



Shanthi Balakrishnan
Local Agent

Singapore
12 May 2022



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CHARTERED ACCOUNTANTS
180B Bencoolan Street #12-05 The Bencoolan
Singapore 189648
Tel : (65) 6392 0021
H/P : (65) 9730 9947
Email : audit@aaapac.com
Website : www.aaapac.com
Co. Reg. No. 201408818E
GST Reg. No. 201408818E

INDEPENDENT AUDITOR'S REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPUAGE INFOCOM LIMITED (INCORPORATED IN INDIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the COMPUAGE INFOCOM LIMITED (Singapore Branch) ("the Branch"), pursuant to section 373 of the Singapore Companies Act, Chapter 50 (the Act). These financial statements comprise the statement of financial position as at 31 March 2022 and the statement of profit or loss and other comprehensive income, statement of changes in head office account and statement of cash flows of the Branch for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The Branch is a segment of Compuage Infocom Limited and is not a separately incorporated legal entity. The accompanying financial statements have been prepared from the records of the Branch and reflect only transactions recorded therein.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Act, and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the assets used in, and the liabilities arising out of, the Branch's Operation in Singapore as at 31 March 2022 and of the results, changes in head office account and cash flows of the Branch's Operations in Singapore for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Branch in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Statement by Agents set out on page 2.

**AAA ASSURANCE PAC**

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**INDEPENDENT AUDITOR'S REPORT -continued
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

Other Information - continued

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

The Branch's management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Branch's management is responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Branch's management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Branch's financial reporting process.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**AAA ASSURANCE PAC**

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**INDEPENDENT AUDITOR'S REPORT -continued
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Branch's management.
- Conclude on the appropriateness of Branch's management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Branch's management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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Singapore 189643
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Email : audit@aaaapac.com
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GST Reg. No. 201408818E

**INDEPENDENT AUDITOR'S REPORT -continued
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records examined by us relating to the Branch's operations in Singapore have been properly kept in accordance with the provisions of the Act.

**AAA ASSURANCE PAC
Public Accountants and Chartered Accountants**

**Singapore
12 May 2022**

COMPUAGE INFOCOM LIMITED (Singapore Branch)
Statement of Profit or Loss and Other Comprehensive Income
For the Financial Year Ended 31 March 2022

	<u>Note</u>	<u>2022</u> US\$	<u>2021</u> US\$
Revenue	4	308,812,790	215,468,866
Cost of Sales		(308,245,600)	(214,952,518)
Gross Profit		567,190	516,348
Other income		-	34,094
Administrative and Other Operating Expenses	5	(373,204)	(377,974)
Finance Costs		(110,055)	(132,858)
Profit before Income Tax		83,931	39,610
Income Tax Expense	6	(6,084)	(2,886)
Profit for The Year, Representing Total Comprehensive Income for the Financial Year transferred to the Head Office Account		77,847	36,724

The annexed notes form an integral part of the audited financial statements.

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Statement of Financial Position

As At 31 March 2022

	<u>Note</u>	<u>2022</u> <u>US\$</u>	<u>2021</u> <u>US\$</u>
Non-Current Assets			
Plant and Equipment	7	-	-
Current Assets			
Cash and Cash Equivalents	8	128,680	252,742
Trade Receivables	9	1,819,865	3,637,304
Other Receivables	10	619,704	586,232
Inventories	11	1,899,621	2,153,027
		4,467,870	66,29,305
Current Liabilities			
Trade Payables	12	2,898,720	3,942,831
Other Payables	13	237,875	1,368,500
Provision for Income Tax		2,886	67,432
		3,139,481	5,378,763
Net Current Assets		1,328,389	1,250,542
Net Total Assets		1,328,389	1,250,542
Represented by:			
Head Office Account		<u>1,328,389</u>	<u>1,250,542</u>

The annexed notes form an integral part of the audited financial statements.

COMPUAGE INFOCOM LIMITED (Singapore Branch)
Statement of Changes in Head Office Account
For the Financial Year Ended 31 March 2022

	Head Office Account
	<u>US\$</u>
Balance at 31 March 2020	1,213,818
Profit for the Year, Representing Total Comprehensive Income for the Year	36,724
Balance at 31 March 2021	<u>1,250,542</u>
Profit for the Year, Representing Total Comprehensive Income for the Year	77,847
Balance at 31 March 2022	<u>1,328,389</u>

The annexed notes form an integral part of the audited financial statements.

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Statement of Cash Flows

For the Financial Year Ended 31 March 2022

	2022	2021
	US\$	US\$
Cash Flows from Operating Activities		
Profit before income tax	83,931	39,610
Adjustment for:		
Interest expense	110,055	132,858
	193,986	172,468
Changes in Working Capital:		
Trade receivables	1,802,184	3,074,005
Other receivables	(33,472)	(41,752)
Inventories	253,406	3,843,623
Trade payables	(1,044,111)	(6,589,630)
Other payables	(1,128,144)	32,738
Cash Flows Generated from Operations	43,849	491,452
Income tax paid	(70,630)	(2,886)
Net Cash (Used in) / Generated from Operating Activities	(26,781)	488,566
Cash Flows from Financing Activities		
Other receivables	15,255	(364,687)
Other payables	(2,481)	124,132
Interest paid	(110,055)	(132,858)
Net Cash Used in Financing Activities	(97,281)	(373,413)
Net (Decrease)/Increase in Cash and Cash Equivalents	(124,062)	115,153
Cash and cash equivalents at beginning of the financial year	252,742	137,589
Cash and Cash Equivalents at end of the Financial Year	128,680	252,742

The annexed notes form an integral part of the audited financial statements.

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Compuage Infocom Limited (Singapore Branch) (the “Branch”) is registered and domiciled in the Republic of Singapore. The Branch’s registered office and place of business is located at 50 Genting Lane #04-02 Cideco Industrial Complex, Singapore 349558.

The Branch is a segment of Compuage Infocom Limited (the “Head Office”), incorporated in Mumbai, India, and is not a separately incorporated legal entity. The financial statements have been prepared from the records of the Branch and reflect only transactions recorded locally. The results of the operations are transferred to Head Office at the end of each financial year.

The principal activities of the Branch are those general wholesale trade and general importers and exporters of variety of goods without a dominant product.

There has been no significant change in the nature of these activities during the financial year.

2. Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Branch have been drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore (“FRS”). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars (US\$), which is the Branch’s functional currency. All financial information presented in United States Dollars has been rounded to the nearest one dollar, unless otherwise indicated.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2021.

2.3 Standards issued but not yet effective

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements – continued

For the Financial Year Ended 31 March 2022

2. Summary of Significant Accounting Policies – continued**2.3 Standards issued but not yet effective - continued**

Description	Effective for annual periods beginning on or after
Amendments to FRS 16 Property, Property, plant and equipment : Proceeds before Intended Use	1 January 2022
Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018-2021	1 January 2022
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 1 <i>Presentation of Financial Statements</i> and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> : Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12 <i>Income Taxes</i> : Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The directors are still assessing the effect that the adoption of the standards above will have on the financial statements in the year of initial adoption.

2.4 Revenue Recognition

Revenue is measured based on the consideration to which the Branch expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Branch satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Sales of computer hardware and accessories and software

The Branch sells computer hardware and peripheral equipment office, printing, scanning and other allied machineries including spares parts and inks for the machines.

For sale of computer hardware to the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Branch when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements – continued

For the Financial Year Ended 31 March 2022

2. Summary of Significant Accounting Policies – continued

2.5 Provisions

General

Provisions are recognised when the Branch has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.6 Taxes

(a) Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements – continued

For the Financial Year Ended 31 March 2022

2. Summary of Significant Accounting Policies - continued

2.6 Taxes - continued

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.7 Financial Instruments

(a) Financial Assets

Initial Recognition and Measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Branch measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Branch expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

2. Summary of Significant Accounting Policies - continued

2.7 Financial Instruments - continued

(a) Financial Assets - continued

Subsequent Measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Branch's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Branch only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are recognised when, and only when, the Branch becomes a party to the contractual provisions of the financial instrument. The Branch determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

2. Summary of Significant Accounting Policies - continued

2.7 Financial Instruments - continued

(b) Financial Liabilities - continued

Subsequent Measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.8 Impairment of Financial Assets

The Branch recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Branch expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Branch applies a simplified approach in calculating ECLs. Therefore, the Branch does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Branch has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Branch considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Branch may also consider a financial asset to be in default when internal or external information indicates that the Branch is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Branch. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. Summary of Significant Accounting Policies - continued

2.9 Employee benefits

Defined contribution plan

The Branch makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Branch has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. Provision is made where necessary for obsolete, damaged, slow moving and defective inventories, to adjust the carrying amount of inventories to the lower of cost and net realisable value.

2.11 Leases

The Branch assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As Lessee

The Branch applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Branch recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Branch recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements – continued

For the Financial Year Ended 31 March 2022

2. Summary of Significant Accounting Policies – continued**2.11 Leases- continued**

If ownership of the leased asset transfers to the Branch at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.14.

Lease Liabilities

At the commencement date of the lease, the Branch recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Branch and payments of penalties for terminating the lease, if the lease term reflects the Branch exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Branch uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Branch's lease liabilities is US\$ Nil during the year as the lease is a short-term and low value lease.

Short-term Leases and Leases of Low-Value Assets

The Branch applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements – continued

For the Financial Year Ended 31 March 2022

2. Summary of Significant Accounting Policies – continued**2.12 Plant and Equipment**

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for the dismantlement, removal or restoration costs is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful Lives (Years)</u>
Computers	3
Office Equipment	3

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.13 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and cash on hand and are subject to an insignificant risk of changes in value.

2.14 Impairment of Non-Financial Assets

The Branch assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Branch makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been

determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements – continued

For the Financial Year Ended 31 March 2022

2. Summary of Significant Accounting Policies – continued

2.15 Foreign Currency Transactions and Balances

Transactions in foreign currencies are measured in the functional currency of the Branch and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognised in profit or loss.

2.16 Related Party

A related party is defined as follows:

- a) A person or a close member of that person's family is related to the Branch if that person:
 - (i) Has control or joint control over the Branch;
 - (ii) Has significant influence over the Branch; or
 - (iii) Is a member of the key management personnel of the Branch or of parent of the Branch.
- b) An entity is related to the Branch if any of the following conditions applies:
 - (i) The entity and the Branch are members of the same head office (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Branch of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Branch or an entity related to the Branch. If the Branch is itself such a plan, the sponsoring employers are also related to the Branch;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Branch, directly or indirectly, including any director (whether executive or otherwise) of the Branch.

3. Significant Accounting Judgements and Estimates

The preparation of the Branch's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Judgements Made in Applying Accounting Policies

Determination of Functional Currency

In determining the functional currency of the Branch, judgement is used by the Branch to determine the currency of the primary economic environment in which the Branch operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

(b) Key Sources of Estimating Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Branch based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Branch. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses of trade receivables

The Branch uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Branch's historical observed default rates. The Branch will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Branch's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Branch's trade receivables is disclosed in **Note 14** to the financial statement.

The carrying amount of the Branch's trade receivables as at 31 March 2022 was US\$ 1,819,865 (2021: US\$3,637,304).

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements – continued

For the Financial Year Ended 31 March 2022

3. Significant Accounting Judgments and Estimates - continued**(b) Key Sources of Estimating Uncertainty - continued**Inventory Valuation Method

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value. The carrying amount of the Branch's inventories as at 31 March 2022 was US\$1,899,621 (2021: US\$2,153,027). If the future expected realisable value lower by 10% of its carrying amount, the carrying amount of the Branch's inventory would have been US\$189,962 (2021: US\$215,303) lower.

4. Revenue

(a) Revenue represents goods sold to customers.

Nature of goods	Revenue relates to the sales of wholesale trade of a variety of goods without a dominant product.
When revenue is recognised	Revenue is recognised at a point in time upon the transfer of the promised good to the customer and all recognition criteria satisfied.
Significant payment terms	Invoices are payable based on the agreed payment terms with the customer.

	2022	2021
	US\$	US\$
Disaggregation of revenue		
<u>Type of good</u>		
Sale of computer hardware and accessories equipment – Wholesalers	<u>308,812,790</u>	<u>215,468,866</u>
<u>Timing of transfer of good</u>		
At a point of time:	<u>308,812,790</u>	<u>215,468,866</u>

There are no refund liabilities that have arisen in the current and the prior year. No disclosure has been made for transaction price allocated to unsatisfied or partially unsatisfied performance obligations as at 31 March 2022 and 31 March 2021 as there are none.

(b) Contract balances

	31.3.2022	31.3.2021	1.4.2020
	US\$	US\$	US\$
Trade receivables (Note 9)	1,819,865	3,637,304	6,711,309
Advances from customers (Note 13)	<u>95,135</u>	<u>1,216,339</u>	<u>1,179,064</u>

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements – continued

For the Financial Year Ended 31 March 2022

5. Administrative and Other Operating Expenses

	2022 US\$	2021 US\$
Bank Charges	16,894	18,823
Foreign worker levy and SDL	339	404
Legal and professional fee	3,969	9,621
Office Rental	61,853	55,845
Telephone and Internet	2,665	2,571
Transportation and travelling	4,845	4,850
Staff Salaries	233,474	234,312
CPF	15,552	16,054
Others	33,613	35,494
	<u>373,204</u>	<u>377,974</u>

6. Income Tax Expense

	2022 US\$	2021 US\$
Current income tax		
- Current year	6,084	2,886
- Over provision in prior years	-	-
Income tax expense recognised in profit or loss	<u>6,084</u>	<u>2,886</u>

Reconciliation between tax expense and accounting profit

A reconciliation between the tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2022 and 31 March 2021 were as follows:

	2022 US\$	2021 US\$
Profit before income tax	<u>83,931</u>	<u>39,610</u>
Tax Calculated at Tax Rate of 17%	14,269	6,734
Tax Effect on Non-Deductible Items	125	65
Tax Exemption	(7,512)	(3,712)
Others	(798)	(201)
Income tax expense recognised in profit or loss	<u>6,084</u>	<u>2,886</u>

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements – continued

For the Financial Year Ended 31 March 2022

6. Income Tax Expenses - continuedReconciliation between tax expenses and accounting profit

The movement in provision for income tax were as follows:

	2022	2021
	US\$	US\$
Balance as at beginning of the year	67,432	67,432
Current income tax	6,084	2,886
Income tax paid	(70,630)	(2,886)
Balance as at end of the year	<u>2,886</u>	<u>67,432</u>

7. Plant and Equipment

	Computers	Office Equipment	Total
Cost	US\$	US\$	US\$
Balance as at 1 April 2020, 31 March 2021 and 31 March 2022	4,984	9,524	14,508
Accumulated Depreciation			
Balance as at 1 April 2020	4,692	9,816	14,508
Charge for financial year	292	(292)	-
Balance as at 31 March 2021	4,984	9,524	14,508
Charge for financial year	-	-	-
Balance as at 31 March 2022	<u>4,984</u>	<u>9,524</u>	<u>14,508</u>
Net Carrying Amount			
Balance as at 31 March 2022	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 31 March 2021	<u>-</u>	<u>-</u>	<u>-</u>

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements – continued

For the Financial Year Ended 31 March 2022

8. Cash and Cash Equivalents

	2022	2021
	US\$	US\$
Cash on hand	228	809
Cash at banks	128,452	251,933
	<u>128,680</u>	<u>252,742</u>

At the reporting date, the Branch's cash and cash equivalents were dominated in the following currencies :

	2022	2021
	US\$	US\$
Singapore Dollars	10,800	14,046
United States Dollars	118,108	238,696
	<u>128,680</u>	<u>252,742</u>

9. Trade Receivables

	2022	2021
	US\$	US\$
Trade receivables – third parties	<u>1,819,865</u>	<u>3,637,304</u>

The trade receivables credit period is between 0 – 30 days (2021: 0 – 30 days). No interest is charged on trade receivables.

10. Other Receivables

	2022	2021
	US\$	US\$
GST receivables	29,548	41,752
Deposit	21,245	-
Other Receivables	39,685	-
Amount due from Head Office	529,226	544,480
	<u>619,704</u>	<u>586,232</u>

The amount due from head office is non-trade in nature, unsecured, interest-free and repayable on demand.

At the reporting date, other receivables were dominated in the following currencies :

	2022	2021
	US\$	US\$
Singapore Dollars	84,072	41,752
United States Dollars	5,35,632	544,480
	<u>619,704</u>	<u>586,232</u>

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements – continued

For the Financial Year Ended 31 March 2022

11. Inventories

	<u>2022</u>	<u>2021</u>
	US\$	US\$
Computer hardware and accessories and software	<u>1,899,621</u>	<u>2,153,027</u>

The cost of inventories recognised as an expense and included in “profit or loss” amounted to US\$ 307,858,063 (2021: US\$214,868,328).

12. Trade Payables

	<u>2022</u>	<u>2021</u>
	US\$	US\$
Trade payables – third parties	<u>2,898,720</u>	<u>3,942,831</u>

The credit period is between 0-30 days (2021: 0-30 days). No interest is charges on trade payables.

At the reporting date, trade payables were dominated in the following currencies :

	<u>2022</u>	<u>2021</u>
	US\$	US\$
Singapore Dollars	58,780	-
United States Dollars	<u>2,839,940</u>	<u>3,942,831</u>
	<u>2,898,720</u>	<u>3,942,831</u>

13. Other Payables

	<u>2022</u>	<u>2021</u>
	US\$	US\$
Advances Received (Note 4)	95,135	1,216,339
Amount due to Related Party	121,652	124,132
Accruals	<u>21,088</u>	<u>28,029</u>
	<u>237,875</u>	<u>1,368,500</u>

Amount due to related party is interest free, unsecured and repayable on demand.

At the reporting date, other payables were dominated in the following currencies :

	<u>2022</u>	<u>2021</u>
	US\$	US\$
Singapore Dollars	14,899	22,374
United States Dollars	<u>222,976</u>	<u>1,346,126</u>
	<u>237,875</u>	<u>1,368,500</u>

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements – continued

For the financial year ended 31 March 2022

14. Financial Risk Management

The Branch's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Branch's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Branch's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Branch's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Branch. The Branch's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Branch minimises credit risk by dealing exclusively with high credit rating counterparties.

The Branch has adopted a policy of only dealing with creditworthy counterparties. The Branch performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Branch considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Branch has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 30 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Branch has developed and maintained the Branch's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Branch's own trading records to rate its major customers and other debtors. The Branch considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements – continued

For the financial year ended 31 March 2022

14. Financial Risk Management – continued**Credit Risk – continued**

- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Branch and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Branch determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Branch categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

The Branch's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL - credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery	Amount is written off

The table below details the credit quality of the Branch's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements – continued

For the financial year ended 31 March 2022

14. Financial Risk Management – continued**Credit Risk – continued**

	Note	Category	12-month or lifetime ECL	Gross Carrying Amount US\$	Loss Allowance US\$	Net Carrying Amount US\$
31 March 2022						
Trade receivables	9	Note 1	Lifetime ECL (simplified)	1,819,865	-	1,819,865
Other receivables (Exclude GST)	10	I	12-month ECL	568,911	-	568,911
				<u>2,388,776</u>	<u>-</u>	<u>2,388,776</u>
31 March 2021						
Trade receivables	9	Note 1	Lifetime ECL (simplified)	3,637,304	-	3,637,304
Other receivables (Exclude GST)	10	I	12-month ECL	544,480	-	544,480
				<u>4,181,784</u>	<u>-</u>	<u>4,181,784</u>

Trade Receivables (Note 1)

For trade receivables, the Branch has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Branch determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

	Trade receivables					
	Days past due					
	Not past due	≤ 30 days	31-60	61-90	> 90 days	Total
	US\$	US\$	US\$	US\$	US\$	US\$
<u>31 March 2022</u>						
ECLrate*	0%	0%	0%	0%	0%	
Estimated total gross carrying amount at default	-	637,050	261,676	246,891	674,248	1,819,865
ECL*	-	-	-	-	-	-
						<u>1,819,865</u>

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements – continued

For the financial year ended 31 March 2022

14. Financial Risk Management – continued**Credit Risk – continued****31 March 2021**

Total gross carrying amount	1,358,167	445,060	12,415	1,473,199	348,463	3,637,304
Allowance for impairment	-	-	-	-	-	-
						<u>3,637,304</u>

*Based on management's assessment using the simplified approach, determined that the ECL is insignificant.

Excessive Risk Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Branch's performance to developments affecting a particular industry.

Exposure to Credit Risk

The Branch has no significant concentration of credit risk other than those balances comprising 43% (2021: 13%) of trade receivables. The Branch has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Other Receivables

The Branch assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Branch measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Liquidity Risk

Liquidity risk refers to the risk that the Branch will encounter difficulties in meeting its short term obligations due to shortage of funds. The Branch's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Branch's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Branch's operations are financed mainly through head office. The directors are satisfied that funds are available to finance the operations of the Branch.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Branch's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements – continued

For the financial year ended 31 March 2022

14. Financial Risk Management - continued

	Carrying Amount	2022 Contractual Cash Flows	One Year or Less
	US\$	US\$	US\$
Financial Assets			
Trade Receivables	1,819,865	1,819,865	1,819,865
Other Receivables (Excluding GST)	568,911	568,911	568,911
Cash and Cash Equivalents	128,680	128,680	128,680
Total Undiscounted Financial Assets	2,517,456	2,517,456	2,517,456
Financial Liabilities			
Trade Payables	2,898,720	2,898,720	2,898,720
Other Payables (Excluding Advances Received)	142,740	142,740	142,740
Total Undiscounted Financial Liabilities	(3,041,460)	(3,041,460)	(3,041,460)
Total Net Undiscounted Financial Liabilities	(524,004)	(524,004)	(524,004)

	Carrying Amount	2021 Contractual Cash Flows	One Year or Less
	US\$	US\$	US\$
Financial Assets			
Trade Receivables	3,637,304	3,637,304	3,637,304
Other Receivables (Excluding GST)	544,480	544,480	544,480
Cash and Cash Equivalents	252,742	252,742	252,742
Total Undiscounted Financial Assets	4,434,526	4,434,526	4,434,526
Financial Liabilities			
Trade Payables	3,942,831	3,942,831	3,942,831
Other Payables (Excluding Advances Received)	152,161	152,161	152,161
	(4,094,992)	(4,094,992)	(4,094,992)
Total Net Undiscounted Financial Assets	339,534	339,534	339,534

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Branch's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Branch's financial instruments will fluctuate because of changes in market interest rates.

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements – continued

For the financial year ended 31 March 2022

14. Financial Risk Management - continued**Market Risk - continued**

The Branch does not expect any significant effect on the Branch's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

ii) Foreign Currency Risk

The Branch's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Branch does not have any formal policy for hedging against currency risk. The Branch ensure that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Branch has transactional currency exposures arising from transactions that are denominated in a currency other than the functional currencies of the Branch, primarily Singapore Dollars (SGD).

The Branch's currency exposures to the USD at the reporting date were as follows :

	2022	2021
	SGD	SGD
	US\$	US\$
<u>Financial Assets</u>		
Cash and cash equivalent	10,800	14,046
Other Receivables	29,548	41,752
	<u>40,348</u>	<u>55,798</u>
<u>Financial Liabilities</u>		
Trade Payables	58,780	-
Other Payables	14,899	22,374
	<u>73,679</u>	<u>(22,374)</u>
Currency Exposure	<u>114,027</u>	<u>33,424</u>

A 10% strengthening of United States Dollar against the foreign currencies denominated balances as at the reporting date would decrease profit or loss by the amount shown below. This analysis assumes that all other variables remain constant.

	Profit or loss (after tax)	
	2022	2021
	US\$	US\$
Singapore Dollar	<u>9,464</u>	<u>2,774</u>

A 10% weakening of Singapore dollar against the above currencies would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements – continued

For the financial year ended 31 March 2022

15. Fair Values of Assets and Liabilities*Cash and Cash Equivalents, Other Receivables and Other Payables*

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Trade Receivables and Trade Payables

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

16. Financial Instruments by Category

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	<u>2022</u> US\$	<u>2021</u> US\$
Financial assets measured at amortised cost		
Cash and cash equivalents (Note 8)	128,680	252,742
Trade receivables (Note 9)	1,819,865	3,637,304
Other receivables (Excluding GST) (Note 10)	568,911	544,480
Total financial assets measured at amortised cost	<u>2,517,456</u>	<u>4,434,526</u>
Financial Liabilities measured at amortised cost		
Trade payables (Note 12)	2,898,720	3,942,831
Other Payables (Excluding Advance Received) (Note 13)	142,740	152,161
Total financial liabilities measured at amortised cost	<u>3,041,460</u>	<u>4,094,992</u>

17. Operating Lease CommitmentsWhere the Branch is a lessee

The future minimum payable under non-cancellable operating lease contracted for at the reporting date but not recognised as liabilities as they meet the short-term lease exemption criteria, are as follows:

	<u>2022</u> US\$	<u>2021</u> US\$
Within 1 year	7,697	7,646
	<u>7,697</u>	<u>7,646</u>

COMPUAGE INFOCOM LIMITED (Singapore Branch)

Notes to the Financial Statements – continued

For the financial year ended 31 March 2022

18. Significant Related Party TransactionsKey management personnel

Key management personnel of the Branch are those persons having the authority and responsibility for planning, directing and controlling the activities of the Branch either directly or indirectly. The remuneration of key management during the year is US\$ Nil (2021: US\$ Nil).

19. Capital Management

The primary objective of the Branch's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Branch comprises of Head Office account.

The Branch manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Branch is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2022 and 31 March 2021.

20. Authorisation of Financial Statements for Issue

The financial statements for the financial year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Head office's directors issued on the date of statement of agents.